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The President's Daily Brief

August 6, 1975

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~~*Top Secret*~~ 25X1

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USSR

The cumulative effects of hot, dry weather in the Soviet grain lands have led us to cut our forecast of Soviet grain output to 165 million tons, down 20 million tons from our previous forecast of 185 million tons.

Recently acquired data from [redacted] 25X1 weather monitors, and US travelers indicate that the drought is more severe in the southern and eastern Ukraine, northern Urals, and northern Kazakhstan than previously thought. This year's drought is more widespread than the one in 1972, and in many areas is worse than in 1963 and 1965, the poorest agricultural years in the past 20. Rain fell at the end of July, but this was too late to help the grain crop. The drought has also curtailed forage crops, although recent rains have improved the outlook for potatoes, the other important starchy staple in the Soviet diet.

The total shortfall in Soviet production in relation to expected requirements probably will be in the order of 50 million tons--the equivalent of one fourth of the total US grain crop and more than one third of total world grain exports last year. To date the Soviets have contracted for about 13.5 million tons of foreign grain, and it now seems certain that Moscow will be back for additional large quantities. Although the Soviets should be able to finance larger imports of grain, available world supplies are nowhere near sufficient to satisfy all Soviet needs without drastic increases in world prices.

Although the eventual volume of Soviet grain imports will be affected by the size of Western grain crops, it is clear in any event that Moscow will have to make substantial domestic adjustments to cope with a substantial part of the shortfall. The Soviets will draw on their small cushion of grain reserves (estimated in the 10 to 15 million ton range) and will take some combination of the following steps:

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--Raise milling rates--increasing the amount of flour milled from a ton of grain (as Khrushchev did following the poor 1963 harvest) would reduce the quality of flour but save approximately 4 million tons of grain.

--Slaughter livestock--reduction in livestock inventories to the 1972 level (a 5-percent cut) would lower the demand for feedgrains by roughly 6 million tons.

--Reduce feed rations per head of livestock--if these were reduced to the 1972 levels, another 13 million tons could be saved but the future output of meat would fall.

Although the Soviet government, with its commitment to raising living standards, will be very reluctant to take such steps, it will have no alternative.

A harvest failure of this magnitude will complicate political life in Moscow and weaken Brezhnev's position in the leadership. The failure will have an impact on a wide range of matters: the consumer program, formulation of the next five-year plan, a program for the Party Congress in February, and relations with the West. Debate and disagreement are likely to become more heated on many issues.

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PORTUGAL

Civil violence continued yesterday in northern Portugal as the country's top military leaders met again in Lisbon to discuss the restructuring of the government's executive.

[redacted] 25X1

Goncalves met briefly with some members of his former cabinet yesterday, apparently in an effort to demonstrate that the country's affairs are being administered by a caretaker government.

In the north, where two men were killed on Monday, hundreds of demonstrators sacked Communist offices. Similar anti-Communist violence has been reported in other areas, and a northern police spokesman said that the people are mobilizing in many villages to "finish off the Communists."

The visiting military governor of the Azores, [redacted] that there 25X1 is a strong separatist movement in northern Portugal favoring regional autonomy. The movement, [redacted] 25X1 [redacted] may soon begin inciting the people 25X1 to "rise up" against the central government.

Violence has not been confined to the north. A bomb exploded yesterday in Lisbon outside a government office. Elements of the Portuguese Liberation Army, an exile group operating out of Spain, reportedly were responsible for similar bombing incidents several weeks ago.

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Communist efforts to infiltrate and control key military units also suffered a reversal yesterday. Last week they appeared to have succeeded in ousting a conservative commander, Colonel Neves, and his supporters from the Amadora Commando Regiment, outside of Lisbon. After an official investigation, however, Neves and his men were reinstated and court-martial proceedings were ordered for the Communist instigators. The Amadora decision should not only reinforce flagging military discipline, but also give badly needed encouragement to military personnel who oppose Communist infiltration of their units.

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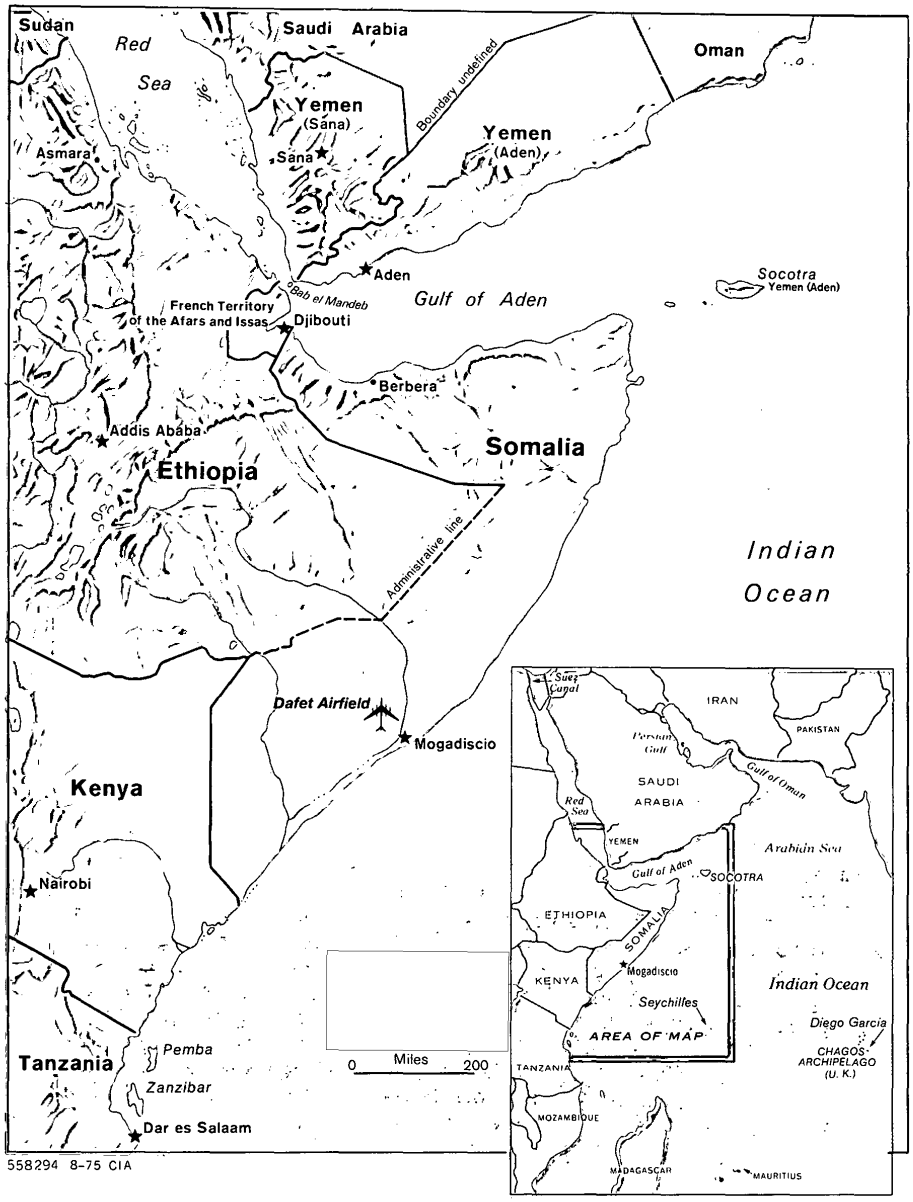

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NOTES

[redacted] *the operational status of the newly completed* Somali *military airfield at Dafet, 50 miles northwest of Mogadiscio.* 25X1

Upgrading and expansion of the Dafet airfield by Soviet construction crews has been under way for over two years. The airfield combines modern equipment with the longest runway in use at a Somali military facility. Should Somalia agree to Soviet use of Dafet, the USSR could employ it as a staging base for TU-95 aircraft flying reconnaissance missions over the eastern and southern reaches of the Indian Ocean, including Diego Garcia and the Seychelles Islands.

* * *

Fighting in Angola *between the Popular Movement and the National Front has spread south of Luanda into an area where traditional tribal ties are with the third independence movement, the National Union.*

National Union leader Jonas Savimbi--who thus far has remained neutral in the fighting--[redacted] probably will be forced to defend his territory. [redacted] his organization is not strong enough to accomplish this without forming an alliance with one of the other groups, most likely the National Front. A military alliance would not necessarily give the National Front and the National Union military superiority over the Popular Movement, but would force that organization to divide its resources. Meanwhile, everyone is waiting for new political signals from Lisbon.

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Egypt

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